

INDUSTRY UPDATE

Biweekly Period Ending July 1, 2000

Phoenix Metro Area

Manufacturing

The Phoenix-area's **two largest daily newspapers were purchased** in separate transactions in late June. The state's largest daily, ***The Arizona Republic***, was snatched up by media giant Gannett Corp. — publisher of *USA Today* and 89 daily newspapers — as part of a \$2.8 billion purchase of parent company Central Newspapers, which also publishes *The Indianapolis Star*. Gannett already owns *The Arizona Daily Star* in Tucson, Channel 12 in Phoenix, and several other Arizona papers. At the same time, **Freedom Communications Inc.** of Costa Mesa, Calif., **purchased** the east Valley's largest newspaper, ***The Tribune***, from Thomson Corp., along with several other Arizona daily and weekly papers, including the *Sun City Daily News-Sun* and the *Yuma Daily Sun*. No layoffs were announced at the time of either purchase, although there could eventually be some administrative cuts at Central Newspapers' headquarters in Phoenix.

Transportation, Communications, and Public Utilities

A Phoenix-area firm that builds wireless and fiber-optic communication systems for major telecommunication companies (e.g., AT&T, Sprint) is **consolidating its four Valley operations** at a northeast Mesa industrial park. **Communication Services Inc. (CSI)** — which expects its national workforce to expand from 100 to 500 (with about **100 new jobs in the Phoenix area**) in the next few years — is building a 57,000-square-foot corporate office at the **Dover Industrial Park**, Greenfield and McDowell roads. CSI also has offices in several western U.S. cities.

Finance, Insurance, and Real Estate

Up to **300 customer-service jobs** will be created by the opening of **40 full-service branch offices** of **Washington Mutual**, a Seattle-based bank that specializes in home loans. The east Valley cities of Chandler, Tempe, Mesa, and Scottsdale are expected to be the greatest beneficiary of the expansion, which will feature offices that resemble the inside of retailers like The Gap or Nordstrom, with kiosks spread throughout the branch. The **first branches** are expected to **open** in the **first quarter of 2001**.

Services

General Motors Corp. will **shut down** its **Desert Proving Ground** in east Mesa over the next 2½ years, **eliminating about 1,000 jobs** at the nearly 50-year-old hot-weather testing facility. Ironically, the automaker said the primary reason for the closure of the 5,000-acre site — and plans to relocate a portion of the testing facility's operations to a site three hours from Mexico City — was because temperatures were not "hot enough" in Arizona during the winter months. About 400 of the Desert Proving Ground's employees work directly for GM, while the remainder work for subcontractors. An official with the city of Mesa said the facility near Williams Gateway Airport and the planned San Tan Freeway will be turned into an industrial park.

The king of on-line discount brokerages, **Charles Schwab**, will fill an **additional 1,000 shareholder-service positions** in the next year, giving it a total of 3,000 in the Phoenix metro area. Despite more and more clients using the Internet to make stock trades, companies like Schwab still receive a significant number of telephone calls. San

Francisco-based Schwab **recently began work** on a **computer-operations center** in Chandler, expected to open in 2001.

Fox Animation Studios had an unfairy tale-like ending when it **closed its Phoenix operations** in late June and **laid off** the remainder of its **60 employees**. The animation studio — which opened 6½ years earlier to challenge the Goliath of animation film, Disney — was unable to deliver a box-office hit in two tries, although it received critical acclaim for its first film, “Anastasia.” Twentieth Century Fox Animation, which had laid off 260 of its 320 employees in February, will keep its “animation foot in the door,” turning its New York-based Blue Sky Studios from a special effects facility into a computer-generate film animation studio.

Trade

Atlanta-based **InaCom Corp.**, which **employed about 700 people** at two Valley operations, has gone out of business. The computer hardware reseller and service company, which filed for Chapter 11 bankruptcy in mid-June, employed about 300 people at a Tempe call center and another 400 at a sales and technical service operation. Tempe-based MicroAge Corp., which has its own financial problems, could benefit from InaCom’s demise.

Westcor Corp. of Phoenix, which recently began construction on the upscale 1.3 million-square-foot Chandler Fashion Center, **announced two new major Valley projects**. Scheduled to open in fall 2001 will be **Scottsdale 101**, a **30-store and restaurant shopping center** at Mayo Boulevard and the Loop 101 freeway that will also include a multiplex movie theater. But dwarfing that project will be the 1.4-million-square-foot **Gilbert Power Center** at Williams Field Road and the alignment of the San Tan Freeway. Expected to open in fall 2002, the **50-store and restaurant open-air shopping center**, along with a multiplex theater, will be the first of several projects on 517 acres. A regional mall larger than the power center

is planned for a 2007 opening.

Tucson Metro Area

Manufacturing

In order to be closer to its Nogales, Mexico, manufacturing facilities, **Walbro Engine Management** moved its **corporate headquarters** from Michigan to **Tucson** in mid-June. The international maker of engines for consumer gardening products **brought along most of its 100 administrative employees** from Cass City, Mich. Walbro’s plant in Mexico, which employs 2,000 people, makes engines for products such as leaf blowers and chain saws.

Balance of State

Mining

Stung by higher operating costs, which hurt its second-quarter earnings, **Phelps Dodge Corp.** said it will **lay off 65 workers** at its **Miami, Ariz., copper mine**. Phoenix-based Phelps Dodge is temporarily eliminating its strip mining operation in Miami, partly because of the high cost of electricity due to warm temperatures and maintenance of its electric power plants.

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